

An act to add Chapter 6.65 (commencing with Section 50673) to Part 2 of Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

SECURED
COPY



THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 6.65 (commencing with Section 50673) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 6.65. MULTIFAMILY HOUSING ADAPTIVE REUSE PROGRAM

50673. The Legislature finds and declares the following:

(a) It is the intent of the Legislature in enacting this chapter to incentivize the adaptive reuse of nonresidential buildings into affordable housing.

(b) Adaptive reuse is the process of adapting and rehabilitating unutilized or underutilized buildings to other purposes and can serve as a valuable tool to increase the supply of housing.

(c) Because multiple obstacles can increase costs to the extent that it is difficult to achieve affordable rents, the Legislature finds and declares that providing financial assistance furthers the state's goals of increasing the supply of affordable housing in the State of California.

50673.1. For purposes of this chapter:

(a) "Department" means the Department of Housing and Community Development.

(b) "Multifamily housing program" includes, but is not limited to, all of the following programs:

(1) The Joe Serna, Jr. Farmworker Housing Grant Program (Chapter 3.2 (commencing with Section 50515.2)).

(2) The CalHome Program (Chapter 6 (commencing with Section 50650)).

(3) The Multifamily Housing Program administered under Chapter 6.7 (commencing with Section 50675).

(4) The Infill Incentive Grant Program of 2007 (Section 53545.13).

(5) The Infill Infrastructure Grant Program of 2019 (Part 12.5 (commencing with Section 53559)).

(6) The Transit-Oriented Development Implementation Program (Part 13 (commencing with Section 53560)).

(7) Housing for a Healthy California Program (Part 14.2 (commencing with Section 53590)).

(8) The Veterans Housing and Homeless Prevention Act of 2014 (Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code).

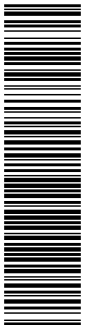
(9) The Affordable Housing and Sustainable Communities Program (Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code).

(10) The No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code).

(11) The HOME Investment Partnership Program (42 U.S.C. Sec. 12721 et seq.)

(12) The National Housing Trust Fund established pursuant to the Housing and Economic Recovery Act of 2008 (Public Law 110-289) and implementing federal regulations.

(c) "Program" means the program established under this chapter.



(d) “Rental housing development” means a “qualified low-income housing project,” as defined in subsection (g) of Section 42 of the federal Internal Revenue Code (26 U.S.C. Sec. 42(g)).

(e) “Qualified rental housing development” means a rental housing development that has applied for a loan from a multifamily housing program administered by the department.

50673.2. (a) (1) Upon appropriation by the Legislature for purposes of this chapter, the department may award a forgivable loan or grant for costs necessary to convert a commercial or other nonresidential building to a rental housing development. The costs shall be those attributable to studies, planning, entitlements, permits, or construction costs. These funds shall not supplant any other committed funds.

(2) If the funds are provided as a loan, the loan shall have an interest rate of 0 percent.

(b) (1) The department shall offer funds through a notice of funding availability.

(2) The department may make program funds available concurrent with offering funds through one or more multifamily housing programs, as defined in Section 50673.1.

(3) Prior to finalizing an award pursuant to this chapter, the qualified rental housing development shall have an award letter from the multifamily housing program designated in the notice of funding availability. The multifamily housing development award letter may be made concurrent with the award made for this program.

(4) The department shall establish the terms and conditions upon which loans or grants shall be made, in accordance with the requirements of this chapter.

(c) (1) The department shall determine the terms under which a loan or grant is subject to repayment.

(2) The terms established by the department shall include, but not be limited to, conversion of the development to market rate housing or sale or refinancing of the development with a distribution of net equity.

(3) Repayments shall be deposited into the Housing Rehabilitation Loan Fund established by Section 50661 and shall be used for the purposes of the Multifamily Housing Program established by Chapter 6.7 (commencing with Section 50675).

50673.3. In order to expedite the production of qualified rental housing developments that are developed through the adaptive reuse of other types of buildings and to provide sufficient flexibility for the department to adjust multifamily housing program requirements applicable to projects receiving awards under this chapter, the department may adopt guidelines to administer this chapter. Guidelines adopted pursuant to this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 2. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No. _____
as introduced, _____.
General Subject: Adaptive reuse: multifamily housing: funding.

Existing law establishes various programs intended to promote the development of affordable housing, including the Multifamily Housing Program, under which the Department of Housing and Community Development provides financial assistance in the form of deferred payment loans to pay for the eligible costs of certain housing development activities.

This bill, upon appropriation by the Legislature, would authorize the department to award forgivable loans or grants to qualified rental housing developments, as defined, for costs necessary to convert a commercial or other nonresidential building to a rental housing development, including costs attributable to studies, planning, entitlements, permits, and construction. The bill would require funds that are provided as a loan to have an interest rate of 0%. The bill would require the department to make program funds available concurrently with offering funds through other multifamily housing programs, as defined, including, among others, the Multifamily Housing Program, the Infill Infrastructure Grant Program of 2019, and the Transit-Oriented Development Implementation Program. The bill would require a recipient, in order to be eligible for an award under these provisions, to also receive an award from another multifamily award program, as specified. The bill would require all repayments under the program to be deposited into the Housing Rehabilitation Loan Fund, a continuously appropriated fund, and be used for purposes of the Multifamily Housing Program. By increasing the amount of moneys in a continuously appropriated fund, the bill would make an appropriation.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

